



JOHN NAIMO  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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October 12, 2016

TO: Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: John Naimo  
Auditor-Controller

**SUBJECT: REVIEW OF THE COUNTY TREASURER'S STATEMENTS OF NET POSITION FOR THE QUARTERS ENDED DECEMBER 31, 2015 AND MARCH 31, 2016**

California Government Code Section 26920 requires quarterly reviews of each county treasurer's Statements of Net Assets (i.e., Statements of Net Position) in the county treasury. We contracted with an independent Certified Public Accounting firm, Macias Gini & O'Connell LLP (MGO), to review the County Treasurer and Tax Collector's (TTC) Statements of Net Position for the quarters ended December 31, 2015 and March 31, 2016. MGO conducted the reviews in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. MGO also performed several agreed-upon procedures, primarily in the areas of cash and investment reconciliations.

MGO's review reports for the two quarters (Attachments I and III) indicate that MGO is not aware of any material modifications that should be made to the Statements of Net Position in order for them to be in accordance with California Government Code Section 26920.

MGO's agreed-upon procedures reports for the two quarters (Attachments II and IV) indicate they performed the following procedures:

1. Obtained TTC's bank reconciliations at the end of the quarters, verified that the bank accounts were reconciled to TTC's accounting records, and confirmed

TTC's cash held by banks. Tested the mathematical accuracy of the reconciliations and traced material reconciling items to supporting documents.

2. Obtained TTC's reconciliations of investments and other safekept securities at the end of the quarters, verified that the investments recorded in TTC's records were reconciled to, and confirmed with, TTC's custodial bank, safekeeping agent, and other custodians at the end of the quarters. Tested the mathematical accuracy of the reconciliations and traced material reconciling items to supporting documents.
3. Obtained TTC's reconciliations of cash and investments for each month end date in the quarters, and verified that cash and investments were reconciled between TTC's records and the Auditor-Controller's records pursuant to California Government Code Section 26905. Tested the mathematical accuracy of the reconciliations and traced material reconciling items to supporting documents.
4. Agreed the amounts reported on the Statements of Net Position at the end of the quarters to TTC's records.

MGO's agreed-upon procedures report did not identify any exceptions.

If you have any questions please call me, or your staff may contact Robert Smythe at (213) 253-0100.

JN:AB:PH:RS:YK

#### Attachments

c: Sachi A. Hamai, Chief Executive Officer  
Joseph Kelly, Treasurer and Tax Collector  
Public Information Office  
Audit Committee

**LOS ANGELES COUNTY TREASURER AND  
TAX COLLECTOR**

Statements of Net Position and Independent  
Accountant's Review Report

December 31, 2015



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**LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR**  
**Statements of Net Position**  
**December 31, 2015**

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## Independent Accountant's Review Report

The Honorable Board of Supervisors of the  
County of Los Angeles, California

We have reviewed the accompanying statements of net position of the Los Angeles County Treasurer and Tax Collector (Treasury), California, as of December 31, 2015 and the related note to the statements of net position. A review includes primarily applying analytical procedures to the Treasury's financial data and making inquiries of the Treasury's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the statements of net position. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management of the Treasury is responsible for the preparation and fair presentation of the statements of net position in accordance with the California Government Code Section 26920; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statements of net position that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the California Government Code Section 26920. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying statements of net position in order for them to be in accordance with the California Government Code Section 26920.

### Basis of Accounting

As discussed in Note 1 to the statements of net position, the financial statements are prepared on an accrual basis of accounting by the Treasury to comply with the financial reporting provisions of the California Government Code Section 26920, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

**Restriction on Use**

This report is intended solely for the information and use of the managements of the County of Los Angeles and the Board of Supervisors of the County of Los Angeles and is not intended to be, and should not be, used by anyone other than these specified parties.

*Macias Gini & O'Connell LLP*

Los Angeles, California  
August 31, 2016

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Statements of Net Position  
December 31, 2015

	External Investment Pool	Specific Purpose Investment	Other Specific Investments
<b>Assets</b>			
Treasurer Cash	\$ 385,622,186	\$ -	\$ -
Investments (Fair Value)	27,492,808,591	125,516,901	301,455
Interest Receivable	24,755,492	484,409	-
<b>Total Assets</b>	<b>27,903,186,269</b>	<b>126,001,310</b>	<b>301,455</b>
<b>Liabilities</b>			
Trades Payable	174,921,875	-	-
<b>Total Liabilities</b>	<b>174,921,875</b>	<b>-</b>	<b>-</b>
<b>Total Net Position Held in Trust</b>	<b>\$ 27,728,264,394</b>	<b>\$ 126,001,310</b>	<b>\$ 301,455</b>

See accompanying note and independent accountant's review report.

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LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR

Note to the Statements of Net Position

December 31, 2015

**Note 1 – Summary of Significant Accounting Policies**

The Financial Reporting Entity

The Los Angeles County Treasurer and Tax Collector (Treasury) is responsible for billing, tax collection, banking, investment and accountability of public funds. The Treasury maintains three investment portfolios, the External Investment Pool portfolio (the Pool), the Specific Purpose Investment portfolio (SPI) and Other Specific Investments portfolio (OSI) with approximately \$27.73 billion, \$126 million and \$301 thousand, respectively, in total net position as of December 31, 2015. The Pool is managed by the Treasury on behalf of the Pool participants that include the County of Los Angeles (County) and other entities that are required by State statutes to participate in the Pool, such as, local school districts, community colleges and the Superior Courts. Voluntary participants in the Treasury consist of the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District, and certain other municipal agencies. The deposits held for these entities are invested in the Pool and SPI portfolios. The assets in OSI are held by the Treasury for a County Department, pursuant to Section 1300.76.1, Title 28, California Code of Regulations (State Code). The State of California allows the County Board of Supervisors (Board) the ability to delegate the investment authority to the Treasury in accordance with Section 53607 of the California Government Code (Government Code). On an annual basis, the Board delegates the investment authority to the Treasury. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

Financial Statement Presentation

The accompanying statements of net position are prepared on an accrual basis of accounting by the Treasury to comply with the financial reporting provisions of the Government Code Section 26920, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Investment transactions are recorded on the trade date and at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Deposits and investments held by the Treasury are exposed to risks such as credit risk, concentration of credit risk, custodial credit risk, and interest rate risk. Treasury management has elected to omit risk disclosures required by Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3* and the fair value disclosure required by GASB Statement No. 72, *Fair Value Measurement and Application*, since such disclosures are not required by the California Government Code Section 26920. The Treasury is in the process of evaluating the impact of GASB Statement No. 72 and does not believe there to be any material impact relating to the fair value of investments.

Cash and Deposits

As of December 31, 2015, the Treasury maintained accounts in six banks. The carrying amount of the Treasury's total deposits in financial institutions was \$385.35 million plus \$0.27 million in cash in the Treasury's vault.

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Note to the Statements of Net Position (Continued)  
December 31, 2015

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. Government Code Section 53651 and 53652 delineates the types of eligible securities and the required collateral percentage of at least 110%, respectively. In addition, under Government Code Section 53653, the Treasury has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasury has opted to waive security for the portion of deposits, which is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the Local Agency Security Program (LASP) of the California Department of Business Oversight. LASP confirmed that the pools of collateral related to the County Treasury's deposits were maintained at required levels as of December 31, 2015.

**Treasury's Investment Strategy**

The Treasury's investment strategy for the Pool is to ensure the safety of principal, to provide sufficient cash to meet disbursement needs and to achieve a return. The cash flow needs of the Pool participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. The Treasury's basic investment strategy is to buy and hold, to a designated maturity, high quality fixed income investments.

The SPI portfolio is used to account for the net position of individual investment accounts, in aggregate. The related investment activity occurs separately from the Pool and is provided as a service to Pool participants and external investors. The individual investment strategies are based on the requests from the participants.

The OSI portfolio is used to account for the assets placed with the Treasury pursuant to State Code. The investment activity occurs separately from the Treasury's Pool and the related investment strategies are governed by State Code.

The investments in the accompanying statements of net position are reported at fair value. The table below summarizes the investments stated at fair value and cost for the Pool:

<u>Pool</u>	<u>Fair Value</u>	<u>Cost</u>
Commercial Paper	\$ 7,586,899,677	\$ 7,587,115,844
Corporate and Deposit Notes	49,947,625	49,976,813
Los Angeles County Securities	47,000,000	47,000,000
Negotiable Certificates of Deposit	3,077,961,311	3,077,909,165
U.S. Agency Securities	15,648,408,249	15,712,574,135
U.S. Treasury Securities:		
U.S. Treasury Notes	208,748,279	209,693,108
U.S. Treasury Bills	873,843,450	874,091,906
Total Pool Investments	<u>\$ 27,492,808,591</u>	<u>\$ 27,558,360,971</u>

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Note to the Statements of Net Position (Continued)  
December 31, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

The tables below summarize the investments stated at fair value and cost for the SPI and OSI portfolio:

<u>SPI</u>	<u>Fair Value</u>	<u>Cost</u>
Local Agency Investment Fund	\$ 42,331,377	\$ 42,365,821
Los Angeles County Securities	4,475,000	4,475,000
U.S. Agency Securities	78,623,465	79,375,974
U.S. Treasury Securities:		
U.S. Treasury Bonds	<u>87,059</u>	<u>85,080</u>
Total SPI Investments	<u>\$ 125,516,901</u>	<u>\$ 126,301,875</u>

  

<u>OSI</u>	<u>Fair Value</u>	<u>Cost</u>
U.S. Treasury Bills	<u>\$ 301,455</u>	<u>\$ 301,467</u>
Total OSI Investments	<u>\$ 301,455</u>	<u>\$ 301,467</u>



**LOS ANGELES COUNTY TREASURER  
AND TAX COLLECTOR**

Independent Accountant's Report on  
Applying Agreed Upon Procedures

December 31, 2015



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**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

The Honorable Board of Supervisors of the  
County of Los Angeles, California

We have performed the procedures enumerated below, which were agreed to by the Los Angeles County Auditor-Controller (the "Auditor-Controller") and the Los Angeles County Treasurer and Tax Collector (Treasury), solely to assist you with the requirements of California Government Code Section 26920 for review of the statements of net position of the Treasury as of December 31, 2015 (Statements). The Treasury's management is responsible for the Statements. These agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and our findings are as follows:

1. Obtained the Treasury's bank reconciliations at December 31, 2015, verified that the bank accounts were reconciled to the Treasury's accounting records and confirmed Treasury's cash held by banks. Tested the mathematical accuracy of the reconciliations and traced reconciling items of \$500,000 and greater to supporting documents, including bank statements subsequent to December 31, 2015.

Results: No exceptions were noted as a result of our procedures.

2. Obtained Treasury's reconciliations of investments and other safe kept securities at December 31, 2015, verified that the investments recorded in Treasury's records were reconciled to, and confirmed with, Treasury's custodial bank, safekeeping agent, and other custodians at December 31, 2015. Tested the mathematical accuracy of the reconciliations and traced reconciling items of \$500,000 and greater to supporting documents.

Results: No exceptions were noted as a result of our procedures. Supporting documentation was defined as follows:

- For the External Investment Pool and Other Specific Investment portfolios, we reconciled Treasury's records to Treasury's custodial bank statements as of December 31, 2015.
- For the Specific Purpose Investment portfolio, we reconciled the Treasury's records to the Treasury's custodial bank as of December 31, 2015 for the investments safe kept by the custodial bank. Investments that are not safe kept by the custodial bank were traced and agreed to supporting documents including LAIF statements as of December 31, 2015, LAC-CAL Bond Anticipation Notes Board Resolution and Rancho Palos Verdes Redevelopment Agency Project Area No. 1 Tax Allocation Bond issuance document of 1997.

3. Obtained the Treasury's reconciliations of cash and investments at October 31, 2015, November 30, 2015, and December 31, 2015 and verified that cash and investments were reconciled between the Treasury's records and the Auditor-Controller's records pursuant to Government Code Section 26905. Tested the mathematical accuracy of the reconciliations and traced reconciling items of \$500,000 or greater to supporting documents, including deposit permits and journal vouchers generated from the County's general ledger system, concentration banks' daily activity reports, and daily cash reports generated by the Cashier's Office.

Results: No exceptions were noted as a result of our procedures.

4. Agreed amounts reported on the Statements of Net Position at December 31, 2015 to the records of the Treasury.

Results: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the statements of net position. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the members of the Board of Supervisors, Treasury and Auditor-Controller management and is not intended to be and should not be used by anyone other than those specified parties.

*Macias Gini & O'Connell LLP*

Los Angeles, California  
August 31, 2016

**LOS ANGELES COUNTY TREASURER AND  
TAX COLLECTOR**

Statements of Net Position and Independent  
Accountant's Review Report

March 31, 2016



Certified  
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Accountants

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Statements of Net Position  
March 31, 2016

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## Independent Accountant's Review Report

The Honorable Board of Supervisors of the  
County of Los Angeles, California

We have reviewed the accompanying statements of net position of the Los Angeles County Treasurer and Tax Collector (Treasury), California, as of March 31, 2016 and the related note to the statements of net position. A review includes primarily applying analytical procedures to the Treasury's financial data and making inquiries of the Treasury's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the statements of net position. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management of the Treasury is responsible for the preparation and fair presentation of the statements of net position in accordance with the California Government Code Section 26920; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statements of net position that are free from material misstatement whether due to fraud or error.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the California Government Code Section 26920. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying statements of net position in order for them to be in accordance with the California Government Code Section 26920.

### Basis of Accounting

As discussed in Note 1 to the statements of net position, the financial statements are prepared on an accrual basis of accounting by the Treasury to comply with the financial reporting provisions of the California Government Code Section 26920, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

**Restriction on Use**

This report is intended solely for the information and use of the managements of the County of Los Angeles and the Board of Supervisors of the County of Los Angeles and is not intended to be, and should not be, used by anyone other than these specified parties.

*Macias Gini & O'Connell LAP*

Los Angeles, California  
August 31, 2016

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Statements of Net Position  
March 31, 2016

	External Investment Pool	Specific Purpose Investment	Other Specific Investments
<b>Assets</b>			
Treasurer Cash	361,800,935	\$ -	\$ -
Investments (Fair Value)	26,899,382,641	97,484,831	301,919
Interest Receivable	44,018,611	270,936	-
<b>Total Assets</b>	<b>27,305,202,187</b>	<b>97,755,767</b>	<b>301,919</b>
<b>Liabilities</b>			
Trades Payable	410,030,000	-	-
<b>Total Liabilities</b>	<b>410,030,000</b>	<b>-</b>	<b>-</b>
<b>Total Net Position Held in Trust</b>	<b>\$ 26,895,172,187</b>	<b>\$ 97,755,767</b>	<b>\$ 301,919</b>

See accompanying note and independent accountant's review report.

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LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Note to the Statements of Net Position  
March 31, 2016

**Note 1 – Summary of Significant Accounting Policies**

The Financial Reporting Entity

The Los Angeles County Treasurer and Tax Collector (Treasury) is responsible for billing, tax collection, banking, investment and accountability of public funds. The Treasury maintains three investment portfolios, the External Investment Pool portfolio (the Pool), the Specific Purpose Investment portfolio (SPI) and Other Specific Investments portfolio (OSI) with approximately \$26.9 billion, \$97.8 million and \$302 thousand, respectively, in total net position as of March 31, 2016. The Pool is managed by the Treasury on behalf of the Pool participants that include the County of Los Angeles (County) and other entities that are required by State statutes to participate in the Pool, such as, local school districts, community colleges and the Superior Courts. Voluntary participants in the Treasury consist of the Sanitation Districts, the Metropolitan Transportation Authority, the South Coast Air Quality Management District, and certain other municipal agencies. The deposits held for these entities are invested in the Pool and SPI portfolios. The assets in OSI are held by the Treasury for a County Department, pursuant to Section 1300.76.1, Title 28, California Code of Regulations (State Code). The State of California allows the County Board of Supervisors (Board) the ability to delegate the investment authority to the Treasury in accordance with Section 53607 of the California Government Code (Government Code). On an annual basis, the Board delegates the investment authority to the Treasury. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company.

Financial Statement Presentation

The accompanying statements of net position are prepared on an accrual basis of accounting by the Treasury to comply with the financial reporting provisions of the Government Code Section 26920, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Investment transactions are recorded on the trade date and at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Deposits and investments held by the Treasury are exposed to risks such as credit risk, concentration of credit risk, custodial credit risk, and interest rate risk. Treasury management has elected to omit risk disclosures required by Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3* and the fair value disclosure required by GASB Statement No. 72, *Fair Value Measurement and Application*, since such disclosures are not required by the California Government Code Section 26920. The Treasury is in the process of evaluating the impact of GASB Statement No. 72 and does not believe there to be any material impact relating to the fair value of investments.

Cash and Deposits

As of March 31, 2016, the Treasury maintained accounts in six banks. The carrying amount of the Treasury's total deposits in financial institutions was \$361.3 million plus \$0.5 million in cash in the Treasury's vault.

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Note to the Statements of Net Position (Continued)  
March 31, 2016

**Note 1 – Summary of Significant Accounting Policies (Continued)**

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. Government Code Section 53651 and 53652 delineates the types of eligible securities and the required collateral percentage of at least 110%, respectively. In addition, under Government Code Section 53653, the Treasury has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasury has opted to waive security for the portion of deposits, which is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the Local Agency Security Program (LASP) of the California Department of Business Oversight. LASP confirmed that the pools of collateral related to the County Treasury's deposits were maintained at required levels as of March 31, 2016.

Treasury's Investment Strategy

The Treasury's investment strategy for the Pool is to ensure the safety of principal, to provide sufficient cash to meet disbursement needs and to achieve a return. The cash flow needs of the Pool participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of participants. The Treasury's basic investment strategy is to buy and hold, to a designated maturity, high quality fixed income investments.

The SPI portfolio is used to account for the net position of individual investment accounts, in aggregate. The related investment activity occurs separately from the Pool and is provided as a service to Pool participants and external investors. The individual investment strategies are based on the requests from the participants.

The OSI portfolio is used to account for the assets placed with the Treasury pursuant to State Code. The investment activity occurs separately from the Treasury's Pool and the related investment strategies are governed by State Code.

The investments in the accompanying statements of net position are reported at fair value. The table below summarizes the investments stated at fair value and cost for the Pool:

<u>Pool</u>	<u>Fair Value</u>	<u>Cost</u>
Commercial Paper	\$ 7,615,323,744	\$ 7,615,351,842
Corporate and Deposit Notes	50,118,325	49,979,656
Los Angeles County Securities	57,000,000	57,000,000
Negotiable Certificates of Deposit	3,776,932,485	3,776,678,556
U.S. Agency Securities	14,541,624,729	14,525,148,093
U.S. Treasury Securities:		
U.S. Treasury Notes	135,874,808	135,865,874
U.S. Treasury Bills	722,508,550	722,237,435
Total Pool Investments	<u>\$ 26,899,382,641</u>	<u>\$ 26,882,261,456</u>

LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR  
Note to the Statements of Net Position (Continued)  
March 31, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

The tables below summarize the investments stated at fair value and cost for the SPI and OSI portfolio:

<u>SPI</u>	<u>Fair Value</u>	<u>Cost</u>
Local Agency Investment Fund	\$ 42,401,404	\$ 42,392,033
Los Angeles County Securities	4,475,000	4,475,000
U.S. Agency Securities	50,522,709	50,566,214
U.S. Treasury Securities:		
U.S. Treasury Bonds	<u>85,718</u>	<u>85,026</u>
Total SPI Investments	<u>\$ 97,484,831</u>	<u>\$ 97,518,273</u>

  

<u>OSI</u>	<u>Fair Value</u>	<u>Cost</u>
U.S. Treasury Bills	<u>\$ 301,919</u>	<u>\$ 301,467</u>
Total OSI Investments	<u>\$ 301,919</u>	<u>\$ 301,467</u>



**LOS ANGELES COUNTY TREASURER AND  
TAX COLLECTOR**

Independent Accountant's Report on Applying Agreed  
Upon Procedures

March 31, 2016



Certified  
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Accountants





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Sacramento  
Walnut Creek  
San Francisco  
Oakland  
Los Angeles  
Century City  
El Cerrito  
Newport Beach  
San Diego

### Independent Accountant's Report on Applying Agreed-Upon Procedures

The Honorable Board of Supervisors of the  
County of Los Angeles, California

We have performed the procedures enumerated below, which were agreed to by the Los Angeles County Auditor-Controller (the "Auditor-Controller") and the Los Angeles County Treasurer and Tax Collector (Treasury), solely to assist you with the requirements of California Government Code Section 26920 for review of the statements of net position of the Treasury as of March 31, 2016 (Statements). The Treasury's management is responsible for the Statements. These agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and our findings are as follows:

1. Obtained the Treasury's bank reconciliations at March 31, 2016, verified that the bank accounts were reconciled to the Treasury's accounting records and confirmed Treasury's cash held by banks. Tested the mathematical accuracy of the reconciliations and traced reconciling items of \$500,000 and greater to supporting documents, including bank statements subsequent to March 31, 2016.

Results: No exceptions were noted as a result of our procedures.

2. Obtained Treasury's reconciliations of investments and other safe kept securities at March 31, 2016, verified that the investments recorded in Treasury's records were reconciled to, and confirmed with, Treasury's custodial bank, safekeeping agent, and other custodians at March 31, 2016. Tested the mathematical accuracy of the reconciliations and traced reconciling items of \$500,000 and greater to supporting documents.

Results: No exceptions were noted as a result of our procedures. Supporting documentation was defined as follows:

- For the External Investment Pool and Other Specific Investment portfolios, we reconciled Treasury's records to Treasury's custodial bank statements as of March 31, 2016.
- For the Specific Purpose Investment portfolio, we reconciled the Treasury's records to the Treasury's custodial bank as of March 31, 2016 for the investments safe kept by the custodial bank. Investments that are not safe kept by the custodial bank were traced and agreed to supporting documents including LAIF statements as of March 31, 2016, LAC-CAL Bond Anticipation Notes Board Resolution and Rancho Palos Verdes Redevelopment Agency Project Area No. 1 Tax Allocation Bond issuance document of 1997.

3. Obtained the Treasury's reconciliations of cash and investments at January 31, 2016, February 29, 2016, and March 31, 2016 and verified that cash and investments were reconciled between the Treasury's records and the Auditor-Controller's records pursuant to Government Code Section 26905. Tested the mathematical accuracy of the reconciliations and traced reconciling items of \$500,000 or greater to supporting documents, including deposit permits and journal vouchers generated from the County's general ledger system, concentration bank's daily activity reports, and daily cash reports generated by the Cashier's Office.

Results: No exceptions were noted as a result of our procedures.

4. Agreed amounts reported on the Statements of Net Position at March 31, 2016 to the records of the Treasury.

Results: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the statements of net position. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the members of the Board of Supervisors, Treasury and Auditor-Controller management and is not intended to be and should not be used by anyone other than those specified parties.

*Macias Gini & O'Connell LLP*

Los Angeles, California  
August 31, 2016